

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1153 – SB 1173

March 27, 2015

SUMMARY OF ORIGINAL BILL: Authorizes the unmarried spouse of a deceased owner, occupying the dwelling house as a surviving joint tenant by the entireties, to continue to reside in the dwelling house without disqualifying the property from the benefits of being a Homebelt property, thus maintaining the present use residential valuation for property zoned for commercial use.

CORRECTED FISCAL IMPACT OF ORIGINAL BILL:

Forgone Local Revenue – \$100,000

SUMMARY OF AMENDMENT (004586): Adds new language to the bill that deletes and rewrites the provision relative to the current authorization for the county board to appoint one or more hearing officers to the board for the purpose of conducting preliminary hearings and making investigations regarding complaints before the board, by making any such additional appointments contingent upon resolution by majority vote of the county commission, rather than contingent upon approval of the county commission.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the corrected fiscal note.

Assumptions for the bill as amended:

- This bill will have no impact to state government; it only applies to local property tax.
- This bill could result in forgone revenue to local governments when applicable property would be reassessed and taxed at a higher rate in the future under current law, and the applicable property continues to be assessed and taxed at the relative lower rate under the provisions of this bill.
- The fiscal impact of this bill on local government is dependent upon several unknown factors such as the number of dwellings occupied by unmarried spouses of deceased owners, the extent to which any such property is currently being assessed and taxed, the extent to which such property would be assessed and taxed in the future under current law, the extent to which such property would be assessed and taxed in the future under the provisions of the bill, and the timing for which any reassessments would occur under the provisions of the bill relative to the timing for which any reassessments would occur under current law.

- Given the extent of factors for which no hard data is readily available such as the number of dwellings occupied by unmarried spouses of deceased owners, the extent to which any such property is currently being assessed and taxed, the extent to which such property would be assessed and taxed in the future under current law, determining a precise impact to local government is difficult.
- If there were 50 properties statewide affected by the provisions of this bill and assuming a typical home with a current property tax liability of \$2,000 might experience a doubling in property taxes if the Homembelt deduction were lost, the extent of forgone local revenue is estimated at \$100,000 (50 x \$2,000) per year statewide.
- Any decrease to local property tax revenue from such properties currently being taxed and collected at the higher tax liability (i.e. without the Homebelt deduction) is assumed to be not significant.
- Pursuant to Tenn. Code Ann. § 67-5-1406(a), county boards are authorized to appoint a hearing officer to hear complaints and make investigations regarding complaints before the board. This bill simply makes any such appointment contingent upon a resolution passed by majority vote of the county commission, rather than contingent upon approval of the county commission; and it removes the requirement that the number of complaints made to any county board of equalization is numerous enough to justify an appointment.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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